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MEMORANDUM FOR: The Director of Central Intelligence

1. This is to inform you that we have reached what we both regard as a workable agreement for the handling of operational approvals, covert security approvals, and proprietary approvals. As you will remember, this problem has been with us for some time, and we are happy to report that it has been resolved in a manner satisfactory to all concerned.

2. You will recall that this was one of the recommendations of the Doolittle Study Group.

3. The new procedures will be published in the immediate future.



Deputy Director (Plans)

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Director of Security

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Security Information

12 August 1953

MEMORANDUM FOR: Deputy Director, Central Intelligence

SUBJECT: The Covert Clearance Problem.

Respond to your instructions

1. This memorandum is prepared with the thought of your presenting to the ~~Director~~ the basic questions of policy to be decided by ~~him~~. After all, such terms as security clearance, operational clearances, etc., may change from day to day and to consider too much such details may tend to cloud the really basic issue.

2. The first point is -- It has always been the policy of CIA to investigate to the fullest practical extent every one we employ or in whom we place our trust. This has been true, regardless of what terminology may be adopted from time to time to differentiate between the job to be done by the employee. I feel that public and congressional confidence depends on a continuation of this policy, which has proved its worth. ~~A return to the ad hoc policy of employment of OSS~~ would be disastrous. Outsiders, or hostile critics will not bother with fine distinctions we may adopt between covert and open employees. After all, they consider and we encourage the thought the whole Agency more or less is covert.

3. The second point is -- The Director must "protect the intelligence sources of the United States". This is another way of saying he must insure the security of the Agency and its operations. His representative, whose sole mission is this, is the Director of Security. Security is indivisible. We cannot alibi insecure "operations" by pointing to secure staff functions. "Operations" are in fact the sum total of the products of our staff and field work, which in the final analysis is CIA. As the Director's representative, the Director of Security inspects piece by piece the material that is being used in the assembling of the CIA machine. He does not presume to put the parts together, to direct how they shall be used, or to "meddle" in or "interfere with the "operation" of the assembled machine. On the other hand, we recognize that every Chief of Mission, Chief of Office, has his own security responsibility.

4. I believe the following points are worthy of your attention.

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1. Confusion caused by terminology.

There are several points that are confusing the covert clearance problem that are not fully realized by many of our officials. The most important of these is the terminology of "clearance" as opposed to "acceptance". In the case of staff employees, the "acceptance" is by the Personnel Director. The "clearance" is by the Director of Security and means in essence "There is no Security objection within the announced policies of the DCI to employment of subject." The acceptance of a staff employee is usually at the request of the branch or division and the official "acceptance" of grade, position, etc., is made by the Personnel Director. In the case of covert security clearances, the acceptance is likewise at the request of the Division concerned and the official acceptance is made by Chief, FI (through Staff C). Again, the clearance is based upon "no security or risk objection to employment of subject." In the case of operational security clearances the acceptance is again by Staff C on recommendation of the Division and up until now the clearance is granted by Staff C on investigation conducted by the Director of Security which is forwarded with a recommendation for either security clearance or security disapproval. Operational clearances are in the bulk for alien indigenous agents abroad and due to lack of full information warranting both acceptance and clearance, are at best a calculated risk.

recommendation of

The so-called "controversy" regarding this matter, as stated by DD/P, appears to be on the "approval" of operational clearances. This office has never disputed the right in any way of DD/P to "approve", i. e., "accept" each and every covert employee of any category, and similarly the right to disapprove any covert employee, based upon their own assessment or upon facts furnished by investigation. However, this office feels that the security of the Agency demands that the DCI retain through his Security Office the right of ~~"negation" or~~ disapproval of any employee whatsoever whose employment or use is considered greater than an acceptable calculated security risk. Even in such cases, and they have been very few, DD/P has always the right of ~~appeal to the~~ *the* Director of Security and of course directly to the DCI. From above, it is apparent that the security determination made by this office cannot be considered in any way an "interference" or "meddling" in operations, except in a very few cases of security negation which are open to deliberation between the accepting and the clearing authority. Properly there are and will be many cases security "cleared" by this office which are not accepted by DD/P. In these cases, there is a definite operational

appeal disagreement with

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determination made considering the project contemplated for subject, the soundness of the project, the operational security of the project, cover, money, etc. In my frank opinion this has never been done thoroughly or adequately but yet is and should be the undisputed function of DD/P.

A "provisional operational clearance" is an acceptance and clearance to use a covert person "at the end of the line" for 90 days based only upon a check of CIA indices. It is an accepted risk on the part of all parties concerned and the decision is properly one to be made by DD/P unless over-riding information appears in CIA indices.

2. Use by DD/P of "Operational Clearance Authority" as a reason to withhold investigative information.

Constantly and over a long period of time, DD/P operating personnel, and in particular Staff C, have withheld information from this office which was necessary to the completion of a proper investigation of a covert person and for a reasonable recommendation for his clearance. This has been done on the announced basis that in an operational clearance this office was merely a support service to pick up available information in the U. S. Such a premise is totally contrary to every investigative and security principle, and can be extremely dangerous. No investigation is complete until the reports of all the facts have been sifted and correlated with one another. Reports from one source give leads to further available facts from other sources. There are many cross-index checks and traces and file patterns, and from either a counter-espionage or a counter-intelligence viewpoint, the development of those leads often provides the most profitable information.

Two half-investigations do not make a whole. I affirm that inquiry from ~~such~~ any recognized investigative authority such as Mr. Hoover, will substantiate this. In addition, the appraisal and the conclusions of an investigation demand that the various full reports can be made available to the appraiser in order to insure that the sources can be evaluated reasonably and in correlation with one another.

It has been said by ~~persons in DD/P~~ that in most operational clearance cases there is no information available in the U. S. This is not true. While in some cases, record checks in the U. S. may be negative, it should be realized that for example CIC now has a central file at Holabird containing information on hundreds of thousands of aliens; similarly, Immigration and Naturalization. Our own CIA indices, including Office of Security,

R.I., Special Intelligence, Archives, etc., are all fruitful. FBI has much information on Latin-American personalities. The point is that in Operational Clearances the very paucity of information makes it even more important to miss no bets.

3. Past abuse of Operational Clearance authority to employ persons disapproved for covert security clearances.

While some improvement in the last year has been noted, there have been many instances where a ~~Chief of Division~~ ^{an operating officer} who had received a security disapproval on a person, would re-submit for operational clearance, and yet use this person actually in the same sensitivity upon which he was previously disapproved. It is perfectly proper and possible in some cases to grant an operational clearance for less sensitive use in cases where a covert security clearance is deemed a risk but it should not, of course, be a means of evasion.

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We have often had difficulty with Staff C in their failure to furnish adequate information on this intended use, cover or sensitivity. This failure is based upon the statement by Staff C that the information we request is "operational". As the Director of Security I have always whole-heartedly supported the "Need-to-Know" theory and have stressed it within my office. However, in these cases there is a definite and absolute "Need to Know" the minimum necessary to conduct a proper investigation. We do not need nor desire the details of the operation, the actual place and timing, but we do urgently need the essentials mentioned above.


I feel it my duty to point out that in these matters, Staff C has displayed an unholy ignorance of secure investigative procedures and of security itself.

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In conclusion, I would like to point out that, contrary to what some would have us believe, there is no solid line of demarcation between covert and staff employees. Each draw their pay from the same congressional appropriation--in fact, covert employees may draw higher salaries than the law permits for staff employees. A "staff" employee becomes a "covert" employee simply by placing him in a project, or giving him a pseudo. Unless the DCI retains to himself flexible but firm control over these matters, he cannot look to a single responsible source to answer such simple questions as "Have you a John Doe in your employ? or "Give me the Security File and evaluation on -----."

Attached hereto is a copy of an informational memorandum prepared by this office in 1951 for the use of the Clandestine Offices and which sets forth the types of Security Clearances as defined in Confidential Funds Regulations.

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Sheffield Edwards
Colonel, GSC
Director of Security

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4 September 1953

MEMORANDUM FOR: Acting Director, Central Intelligence

SUBJECT: Comments on Attached Draft.

1. In accordance with your instructions I have carefully thought over the content of the attached draft and give you herewith my honest security advice on it, full well knowing that the ultimate decision rests with you.

2. I advise that the implementation of this paper would decentralize security responsibility to the detriment of the security of the Agency, would set up six or more variants in the implementation of personnel security policy, would imperil the "privacy" of investigative files and sources, would cause duplication of effort and increased and unnecessary administrative handling. I further believe that the Director of Central Intelligence cannot divorce himself from direct responsibility thru his Security Officer for the clearance of all persons employed or used by this Agency. This comes within the Director's responsibility for protection of intelligence sources and methods.

3. I base my advice on these security principles and upon seven years study of personnel security techniques and methods, both in CIA and other Government agencies.

(1) Personnel Security requires a centralized authority directly under the DCI who implements the DCI policy on an unbiased basis "across the board".

(2) The Director of Security must have the full confidence of the DCI to carry out properly his functions. If the DCI does not have this full confidence, he must select an official in which he can impose this confidence rather than delegating the responsibility to several other officials however senior.

(3) The appraisal of security risk is a highly professional function and requires trained security personnel who are not charged with other intelligence duties.

(4) CIA is a Number 1 target and it has had, and must continue to have, a "tough" and "tight" personnel security policy implemented directly under the DCI.

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(5) The principle that the prospective direct employer of the man, who is very apt to be influenced by operational pressures, should not be the authority who security evaluates him.

4. The command security responsibility of Deputy Directors and of all Chiefs of Office is one of their most important functions. It should be exercised by providing much closer security supervision of their personnel and their operations. Only by this supervision can we avoid many serious breaches that occur weekly such as talking shop at cocktail parties, disregarding security regulations, failing to take disciplinary action against security offenders, indiscreet conversation of senior officials, etc. This office stands ready at all times to make ourselves available to assist our senior people in these matters. In addition, I will take every step possible to personally liaison with and support Deputy Directors and to acquaint them immediately with all security problems, including clearances.

Sheffield Edwards
Colonel, GSC
Director of Security

Attachment: One
Draft.

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II. ESSENTIAL ELEMENTS OF COVERT INVESTIGATION *and Security*
Evolution

1. Each individual case must be considered in light of its own peculiarities and covert investigation "hand tailored" to meet the end result desired.
2. Basic concept in SO is necessity of "hand tailored" covert investigations that recognize and meet cover, security and operational requirements of particular individuals or projects.
3. Hand tailored concept demands close coordination between case officers in DD/P and desk officers in SO. This is necessary so that both case and desk officers have full understanding in specific cases so as to protect and conceal Agency operations under the conduct of investigations.
4. Based on information of project, results of investigation and further coordination with DD/P case officer, if necessary, a sound independent security approval can only be attained.
5. DD/P should not audit its own financial accounts -- DD/P should not security approve its own personnel. The DCI must have an independent security appraisal of persons to be used in CIA in staff or operational capacities through his Director of Security.

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IV *Operational Clearance*

1. Proper evaluation of investigative reports and other security information can only be accomplished by an evaluation of information maintained in files of the ~~Special Security Division and Security Division~~ *Security Office*.

These files are maintained and available to Security only.

2. Only with complete background knowledge, proposed usage and area of assignment can the significance of available information relating to Subject's loyalty and suitability, as well as that of his references, be properly evaluated from a security standpoint.

3. Security personnel, who are experienced both from an investigative and security standpoint, are better qualified to reach a sound conclusion as to the admissibility of a person's usage. *from a security standpoint*

4. Checks conducted at sensitive sources such as CE (IID, Archives, K) furnish information which cannot be properly evaluated without a review of related information contained in security files. These all furnish vital and important information, as well as further leads, which are checked for security reasons.

5. Security files on many aliens contain information obtained from other Agencies such as I&N, CIC and the Visa Division. This information is extremely valuable in determining the political sympathies of Subjects as well as their associates and places the Security Office in a position where it can render more accurate security determinations.

6. Just because a person is an alien does not mean that there is no information in this country. On the contrary, there are volumes of informa-

III. Necessity for Covert Security Investigations to have the same Privacy as Staff Investigations.

1. Information from the field is developed through trusted and reliable informants who furnish information with the understanding that their identity will be protected. Without such guarantee, the information would not be developed.
2. Information from other government agencies is furnished on many occasions on the basis of the protection now afforded their information.
3. Methods and investigative techniques which have been of great value to the Agency will be rendered useless through wide dissemination.
4. In cases where a covert employee is later converted to Staff employment, employees in the operating divisions would know the contents of his investigative reports and the identity of informants who furnish derogatory information concerning him.

Although the above situation is possible in the case of an operational clearance, its probability is greatly increased in the case of a covert security clearance because the Subject of a covert security clearance is much more likely to be converted to staff employment than one who holds an operational clearance.

5. Agency personnel in the operating divisions who recruit friends into their divisions would be likely to gain knowledge of the contents of their friends' investigative report. They would learn of derogatory information developed through informants who are mutual friends of the applicant and the division employee. Thus such information which was obtained on a confidential basis will not remain confidential.
6. Information developed during the course of a security investigation would become known to co-employees of the Subject and even the Subject himself.
7. Dissemination of reports will be a hazard to S/O cover in the field.

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COMMENDATIONS

Twenty-seven commendations have been received from DD/P components, averaging one per month.

Note: In addition, there have been innumerable informal telephone and oral commendations.